EXHIBIT 16.9 **Political Risk Analysis: Vietnam**

Sovereign Rating: Moody's: B1, Outlook: Stable; S&P: BB–, Outlook: Stable

Political Strengths
- Political stability with Communist Party in government since end of the country's civil war in 1975
- Widespread support for the CPV (Vietnam Communist Party) reflects its success in raising living standards and creating and maintaining security

Economic Strengths
- Transformation to market oriented economy since late 1980s
- High GDP growth facilitated by foreign investment
- Well educated and cheap labor force
- Sizable natural resources and advantageous location
- Membership in TPP trade agreement

Political Weaknesses
- Inconsistent and evolving regulations
- Unreliable legal system and corruption
- A lack of financial transparency, insufficient protection for minority owners, and poor corporate governance

Economic Weaknesses
- Large fiscal deficits and weak banking system
- Plethora of state-owned enterprises and less diversification
- Industry and credit policies favor state-owned enterprises
- Lack of infrastructure

Political & Governance Indicators

World Bank Ranking—Ease of doing business	68th/190
Freedom House—Political rights and civil liberties	Not Free
Transparency International Ranking—Corruption Perception Index	117th/180
OECD country risk rating (Scale: 0–7, 0 is least risk, 7 is highest risk)	5

Economic Indicators

GDP ($US bn)	241
GDP per capita ($US)	2,482
Real GDP growth (15-year average, %)	6.8
Fiscal balance (% of GDP)	–4.7
Public debt (% of GDP)	57.8
Foreign direct investment (% of GDP)	7.3
Current account (% of GDP)	2.2
External debt (% of GDP)	49.7
Foreign reserves (% of GDP)	26.3

Source: www.efic.gov.au, World Bank, and IMF, 2018 figures.

The collapse of the Soviet Union in the late 1980s forced Vietnam to transform from central planning and autarky to market orientation and international re-integration. Overall, this has been very successful. GDP growth has averaged nearly 8 percent a year, with foreign investment a key driver. Per capita income has risen from US$100 in 1990 to nearly US$2,482 in 2018. Vietnam has a number of attractions for investors and exporters: a large, young, and rapidly growing population; a labor force that is relatively well educated and cheap; sizable natural resources; an advantageous location; and a high level of political and social stability. Vigorous policy stimulus and spending helped Vietnam avoid the worst of the global financial crisis. But the authorities are now facing a fiscal deficit topping 6 percent of GDP, accelerating inflation, and a weakening banking system. On the other hand, Vietnam is benefiting from the growing integration in global value chains. Standard & Poor views the country's external foreign currency debt as speculative grade with a BB-rating and a stable outlook, and Moody's rating for the same is B1. Public debt is equivalent to 58 percent of GDP and contingent liabilities—in the banking sector and state-owned enterprises—are large.

The Vietnamese Communist Party (CPV) has been in government since the end of the country's civil war in 1975. The party has a firm grip on power, which ensures a high degree of political stability. Although the party's communist ideology has become less important over time, it led to a plethora of state-owned enterprises, which span most sectors and account for nearly 40 percent of GDP. Foreign investors face a number of challenges, including: inconsistent and evolving regulations, an unreliable legal system, a weak banking system, corruption, and industry and credit policies that favor state-owned enterprises.